

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: PEOPLES NATURAL GAS COMPANY, DIVISION OF UTILICORP UNITED INC.	DOCKET NO. WRU-99-34-225
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ORDER GRANTING CONDITIONAL WAIVER

(Issued November 30, 1999)

On August 26, 1999, Peoples Natural Gas Company, Division of UtiliCorp United Inc. (Peoples), filed with the Utilities Board (Board) a request for waiver of IOWA ADMIN. CODE 199-13.4"c," which states the utility shall require a reconnection charge when an end-user receiving transportation service without system supply reserve service requests to return to the system supply. Peoples requested the Board allow it to waive this charge for schools participating in the Iowa Joint Utility Management Program (I-JUMP) for a period of two years.

On September 2, 1999, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to the request stating Peoples had not provided a reason why the I-JUMP participants should not be assessed a reconnection charge. On September 17, 1999, the Iowa Association of School Boards (IASB) filed a letter in support of Peoples' request. On September 20, 1999, Peoples responded to Consumer Advocate's objection. In its response, Peoples stated it had been approached by the IASB and asked whether Peoples could help

reduce energy costs. Peoples stated as a good corporate citizen, it would ask the Board for permission to not assess a reconnection fee to I-JUMP customers. Currently, Peoples serves 156 school districts of which approximately 16 participate in the I-JUMP program.

On September 24, 1999, Consumer Advocate filed a response in which it stated Peoples' proposal violates IOWA CODE § 476.5. IOWA CODE § 476.5 provides that a public utility may not bestow an unreasonable preference as to rates or services nor impose an unreasonable prejudice or disadvantage. Consumer Advocate argued Peoples seeks to unfairly financially benefit certain customers at the expense of all other customers by shifting costs from one set of ratepayers to another.

The Board has reviewed the request for waiver and will grant it. The Board believes not charging the reconnection fee will allow some I-JUMP schools to participate and give Peoples valuable experience in implementing its overall small volume transportation plan. Therefore, any preference shown to the schools is reasonable because it will help Peoples gain information and experience so that all small volume customers may, at some time in the future, be offered the same opportunity, if appropriate. The waiver will be granted for a term beginning with the date of this order and ending two years from the date of this order.

To address Consumer Advocate's cost-shifting concern, the Board will impose a condition upon the grant of the waiver. In any future rate case, Peoples must not attempt to recover any lost revenue which may result from its failure to collect a

reconnection charge from the I-JUMP customers over the term of the waiver, from the date of this order to two years from the date of this order.

IT IS THEREFORE ORDERED:

The request for waiver filed by Peoples Natural Gas Company, Division of UtiliCorp United Inc., on August 26, 1999, is conditionally granted to the extent discussed in this order.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Diane Munns

Dated at Des Moines, Iowa, this 30th day of November, 1999.